

Kohl's Department Stores on upswing

By Ray Kenney
Business news editor

At a time when most retailers are cinching operations, the local scene is undergoing growth which can only be characterized as explosive.

Nationwide, department stores are butting down in the face of chill economic winds.

In the Milwaukee area, seven major department stores will open in the short space of two weeks, intensifying competition for Christmas-gift dollars in all sectors of the community.

Thus far, much of the attention has been focused on the Zayre Corp., the new kid on the retail block.

Wednesday, however, Kohl's Department Stores will take the most ambitious expansionary step in the

history of the Brookfield-based organization — formal opening ceremonies at three locations.

Festive and simultaneous ribbon-cutting ceremonies will be staged at 9 a.m. at the Point Loomis Shopping Center, 3737 S. 27th St.; 2601 S. 108th St., West Allis; and 9060 N. Green Bay Rd., Brown Deer.

At the same time, Kohl's will mark the completion of a major remodeling program at its oldest outlet, 2315 N. 124th St.

Into areas of growth

"This (expansion) move provides major and immediate support for Kohl's to implement our five-year expansion plan," said William Kellogg, the one-time assistant store manager who is president of the Kohl's operation. "These locations are ideal for serving our customers and expanding our share of the market."

The locations will fill gaps in the Kohl's operation and move the organization into areas of the greatest growth, he explained in an interview.

The five-year, \$60-million plan calls for a total of 32 department stores in Wisconsin, Illinois and Iowa. The addition of the three stores will boost the number of outlets here to 13.

Retailers cannot afford to permit economic swings to interfere with expansion plans, according to Kellogg. "You don't plan on (the basis of) peaks and valleys," he pointed out.

At the three new locations — vacated by the Treasure Island chain operated by the J.C. Penney Co. — Kohl's will go head-to-head with Zayre, a discount chain based in Framingham, Mass. The 124th St.

location is a few blocks south of Zayre's fourth location.

The competition doesn't bother Kellogg, a second-generation retailer who has piloted Kohl's above the \$100 million mark in annual sales this year and has targeted a \$250 million volume by 1985.

"We do very well in areas with a lot of stores," he said.

The Kohl's outlet at Southridge Shopping Center, which includes five



major department stores, is one of the most successful in the chain, he pointed out.

Kellogg thinks he has the facilities and customer-service personnel to take on any and all comers.

"We have positioned ourselves between a Zayre and the traditional department store," he explained. "We appeal to a different type of customer, I feel. She looks at fashion and value as well as price. The discount shopper is mostly interested in price."

That doesn't mean Kellogg doesn't plan to capitalize on traffic generated by Zayre. He does. And he's betting that the comparison shopper will find what he described as "price plus" at Kohl's.

"We'll be very (price) competitive, but we'll be offering so much more," he said.

And with Christmas just around the corner, he promised, "Kohl's will

not be undersold by anybody when it comes to toys."

The philosophy has stood the organization in good stead.

"That's why we haven't felt the impact of an adverse economy," Kellogg said. "Our business has been very solid. We are able to go through periods of tight economy because that's when people look for value. They'll go to an item they are sure will last a lot longer for a little more money."

Shoppers familiar with the Kohl's operation will see some changes at the new stores, according to Kellogg. For one thing, checkout counters traditionally associated with discount operations have been eliminated in favor of what retailers refer to as "area wrap" — cashier locations scattered throughout the new and remodeled stores and staffed by personnel willing and able to assist customers.

Each of the stores has between 65,000 and 70,000 square feet of retail space and traffic patterns have been set up to smooth the customer flow and showcase the merchandise better. Fashion apparel adorns manikins on display throughout the stores.

Kellogg, an affable executive who clearly is more at home on the retail floor than he is in an interview situation, is reluctant to take credit for the strong growth of Kohl's under his direction.

500 new employees

That, he said, is due to store personnel. Morale is high and turnover is low, he said. Productivity at a new distribution center — a 250,000-square-foot facility in Menomonee Falls — is sharply above industry-wide rates.

"We're straight up with our em-



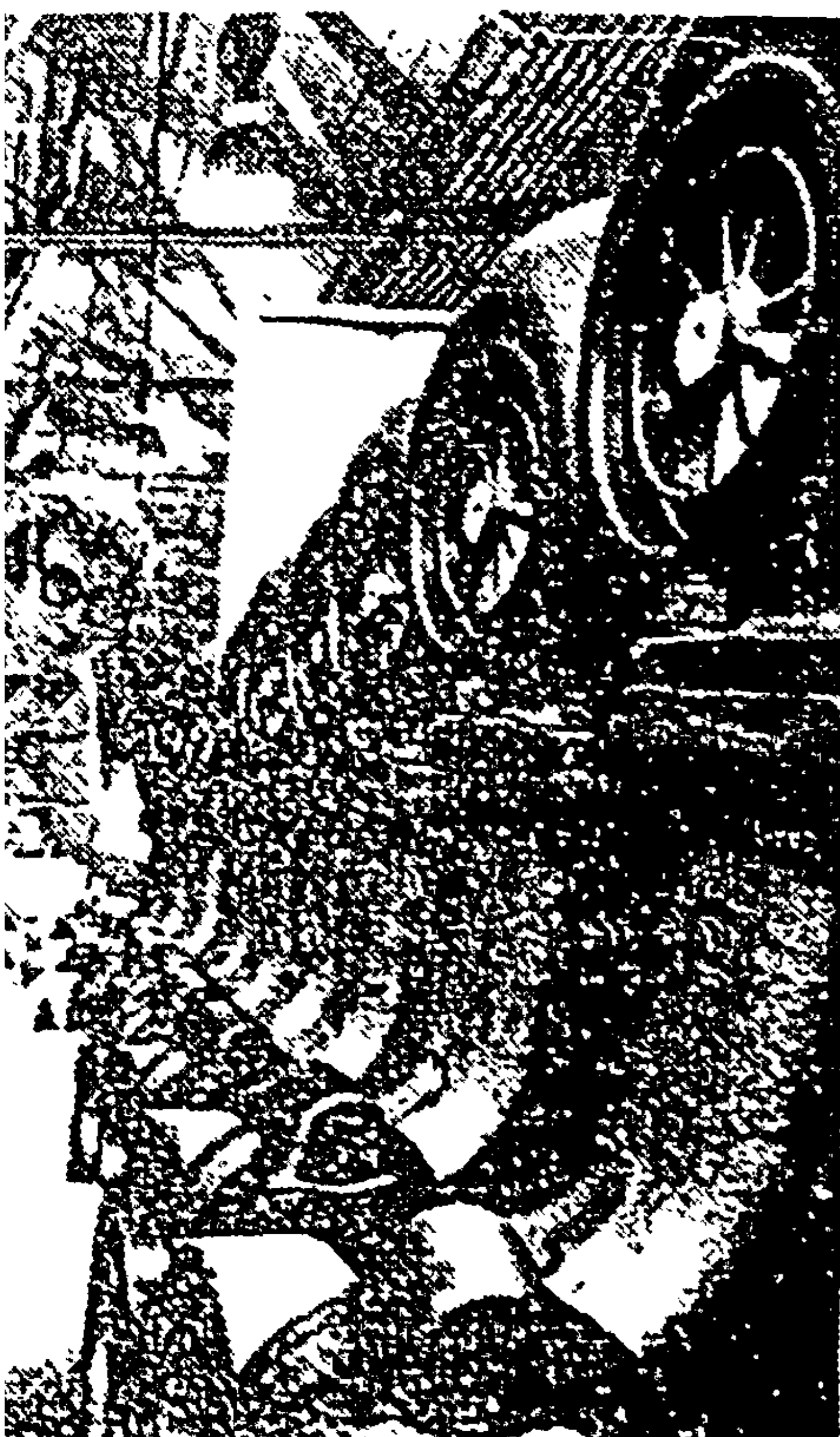
William Kellogg

ployes and they are straight up with the customers," Kellogg explained. "I wouldn't have it any other way. Once you start kidding around with that (philosophy), it's all over."

To staff the new stores, Kohl's has transplanted a cadre of experienced salespeople to work with more than 500 carefully screened new employees, according to John Herma, Kohl's vice president in charge of personnel.

Kellogg attributes some of the success to the BATUS organization, a subsidiary of the British American Tobacco Co. that also operates Gimbels, Saks Fifth Avenue, Thimbles and such diverse operations as Appleton Papers Inc.

"It's a retail-oriented company," the Kohl's president pointed out. "We benefit from expertise at the top and from sources of supply. There are obvious pluses in both."



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